

How is a Levy Limit Calculated?

Since 1981, when Proposition 2½ went into effect, a levy limit for each community has been calculated annually by the Department of Revenue. It is important to note that a community's levy limit is based on the previous year's levy limit and not on the previous year's actual levy.

Each step in the example below is explained in more detail in other sections. A levy limit is calculated by:

Taking the previous year's levy limit and increasing it by 2.5%

A. FY2012 Levy Limit **\$15,930,540**

B. (A) x 2.5% **\$ 398,264**

Adding to the levy limit the amount of certified New Growth added to the community's tax base:

C. FY2013 New Growth **\$ 81,846**

Adding to the levy limit amounts authorized by override votes

D. FY2013 Override **\$0**

E. FY2013 Subtotal (A + B + C + D) **\$16,410,650**

Comparing the FY2013 levy limit to the FY2013 levy ceiling and applying the lesser number (compare E and F)

F. FY2013 Levy Ceiling **\$67,012,284**

G. FY2013 Debt Exclusion & Cape Cod Commission **\$1,352,413**

H. FY2013 Maximum Allowable Levy (lesser of E and F) **\$17,763,063**

Total value of all real and personal property for FY2013 = **\$2,680,491,360**. Actual FY2013 tax levy = **\$17,503,609**. Total levy \$17,503,609 divided by Total value \$2,680,491,360 equals **\$6.53** tax rate (A / B = C or **Total Levy / Total Value = Tax Rate**).

This community's levy limit, the maximum amount in real and personal property taxes it can levy, is **\$17,763,063** for FY2013. How much of this amount the community actually wants to use - that is, the amount of the levy - is up to the discretion of local officials. The community can levy up to or at any level below the entire levy limit amount, regardless of what its levy was in the previous year.